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Russian Federation

Trade Policy Monitoring

Russia to Experience Delays in TRQ and Quota Distribution for Second Straight Year

2004

Approved by:

Eric Wenberg
U.S. Embassy

Prepared by:

Mark Petry

Report Highlights:

The Russian Government has experienced delays in issuing full implementing regulations for the 2005 poultry quota and beef and pork tariff rate quotas (TRQ). Even if the necessary resolutions are passed before the New Year holidays, most Russian imports of U.S. poultry and pork will not resume until at least February 2005.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Moscow [RS1]
[RS]

Executive Summary: The Russian Government has hindered access for the largest agricultural commodity imports for the second straight year by delaying the issuance of implementing regulations for the 2005 poultry quota and beef and pork tariff rate quotas (TRQ). The Russian press states that government resolutions that re-authorize the frozen beef, chilled beef, and pork TRQs and poultry quota will soon be passed. However, trade can only begin following secondary resolutions that allocate import licenses to individual companies. Even if these eight resolutions are passed before the New Year holidays, normal levels of trade will not resume until February 2005.

Background

Currently, the Russian Federation restricts market access for meat products using separate tariff rate quotas for chilled beef, frozen beef, and pork and a quota for poultry meat. In order to begin imports of these products in 2005, the Russian Government must issue two legislative measures for each commodity: an implementing resolution and importer list. The implementing resolutions state the absolute volume of the quota and TRQs and the over-quota tariff applied to beef and pork imported outside of the TRQ. Additionally, the resolutions state the volume of each commodity allocated to individual exporting countries. Lastly, the import list is a separate document that outlines precisely the volume each approved Russian importer is allocated and from which countries the products can be imported.

As of December 30, though press reports have repeatedly suggested that Prime Minister Fradkov is close to signing the implementing resolutions, none of these documents has been published. The press reports that the Ministry of Economic Development and Trade (MEDT) is continuing to face a difficult opposition from the Ministry of Agriculture (MinAg) regarding several parts of the resolution, including the concept of country allocations.

A similar situation took place during the authorization of the 2004 quota that sheds some light on the possible repercussions of the current situation. In anticipation of the 2004 TRQ and quota, the implementing resolutions were published November 29, 2003 after lengthy discussions of topics such as the country allocation and overall level of the pork and beef TRQs. However, actual implementation became a problem in early 2004 as MEDT published and then removed three importer lists that contained errors. Trade could not officially begin until the final list was published and made effective in the first week of February 2004.

However, the real trade impact is difficult to estimate. Despite the importer list problems in early 2004, some trade still took place. For example, 35,000 metric tons (\$22 million) of poultry was imported by Russia in January 2004, which is about one third of normal monthly trade. In total, exports ran from between at only one-third to one-half capacity for the first three months of 2004.

Nevertheless, this came as a surprise to many given that the final official document giving importers the right to import was not published until February. It is unclear exactly what happened, but trade contacts state that the Ministry of Economic Development and Trade (MEDT) issued "provisionary" import licenses to companies based the importer lists that were rescinded. Essentially, it was known roughly the volume importers were going to get, though not precisely how much. So in order to maintain trade flows, a proportion of a company's final import licenses were issued in January and February in order to maintain trade flow. These provisional licenses were enough to allow imports badly needed by Russian consumers and meat processors. This process was likely used until early March, when the first ships could physically arrive from the more distant suppliers (U.S. and Brazil) following the publication of the final importer list.

Assuming that the Prime Minister will sign the implementing resolution before the Russian New Year holiday, it is very unlikely that MEDT will be able to compile the importer lists prior to the next full work week for the Russian Government (January 10). Thus, Russian importers will not be able to start contracting U.S. product until mid-January. As a result, it seems unlikely that full shipments of U.S. poultry and pork will be arriving in Russia until mid-February. However, if the implementing resolutions are not signed until after the holidays, the wait will be longer.

Russian Poultry Imports

2004

Quantity (MT)	2000	2001	2002	2003	Jan.	Feb.	Mar	Apr	May	Jun	Jul	Aug	YTD
0207 POULTRY MEAT,OFFAL	687,898	1,375,025	1,375,039	1,188,379	34,936	54,813	66,361	97,849	80,397	99,682	100,926	98,822	633,786
020714 CHCK CUT+ED OFL,FRZ	558,539	1,147,949	1,056,599	981,664	25,927	45,545	56,274	79,641	65,036	80,632	77,327	81,737	512,120
020712 CHICKEN,WHOLE,FROZN	21,255	62,636	147,032	90,385	6,674	2,293	5,510	6,104	8,663	10,461	13,990	8,326	62,021
020727 TRKY CUT+ED OFL,FRZ	104,698	160,854	163,730	108,432	2,123	6,439	3,722	10,526	5,374	7,509	7,847	6,234	49,775
OTHER	3,407	3,587	7,677	7,898	212	535	856	1,386	1,295	984	1,721	2,454	9,442

Value (Million USD)	2000	2001	2002	2003	Jan.	Feb.	Mar	Apr	May	Jun	Jul	Aug	YTD
0207 POULTRY MEAT,OFFAL	367	750	811	696	22	32	38	57	48	60	62	59	379
020714 CHCK CUT+ED OFL,FRZ	293	611	599	554	15	26	31	45	36	46	44	47	289
020712 CHICKEN,WHOLE,FROZN	15	48	115	75	6	2	5	5	8	9	12	7	55
020727 TRKY CUT+ED OFL,FRZ	57	88	91	62	1	4	2	6	3	4	5	4	30
OTHER	3	3	6	5	0	0	0	1	1	0	1	1	5

	2000	2001	2002	2003	Jan.	Feb.	Mar	Apr	May	Jun	Jul	Aug	YTD
0207 POULTRY MEAT,OFFAL													
1 United States	504,275	1,062,943	748,949	735,318	22,513	39,528	43,550	65,950	52,359	61,299	53,551	59,151	397,901
2 Brazil	15,193	94,004	295,200	194,053	8,445	3,590	7,949	8,441	16,149	22,708	28,854	24,300	120,436
3 Germany	17,500	43,751	56,446	53,668	818	2,332	4,516	9,283	5,485	4,866	6,728	6,525	40,553
4 United Kingdom	32,768	15,270	27,577	23,785	720	72	1,027	529	567	1,356	2,627	2,569	9,468
5 Poland	2,004	2,293	3,865	18,126	689	1,901	1,871	1,843	1,308	1,323	1,449	2,039	12,424
6 France	44,746	71,000	91,225	75,336	375	6,346	2,983	7,453	1,872	5,458	4,089	1,564	30,140
7 Belgium	23,299	40,766	47,864	16,445	660	365	1,416	1,844	1,134	569	1,510	1,454	8,952
8 Netherlands	27,278	19,999	31,855	6,282	0	40	67	274	0	154	731	747	2,012
9 Canada	2,687	6,410	21,945	16,390	98	0	151	250	781	993	398	149	2,820
10 Hungary	2,471	2,321	2,294	1,179	0	20	214	242	3	79	27	81	665

Russian Pork Imports

2004

Quantity (MT)	2000	2001	2002	2003	Jan.	Feb.	Mar	Apr	May	Jun	Jul	Aug	YTD
0203 PORK,FRESH OR FROZEN	212,759	367,998	602,010	533,871	17,654	14,212	40,723	44,077	38,225	38,176	31,318	34,972	259,359
020321 FROZEN CARCASSES	87,372	183,357	301,929	266,729	9,651	5,740	20,427	26,310	26,485	24,040	20,339	20,276	153,270
020329 FROZEN CUT BONELESS	72,314	138,028	238,026	228,899	7,690	7,699	16,366	11,681	8,880	11,318	8,152	11,488	83,273
020311 FRESH CARCASSES	46,159	41,277	55,756	29,632	294	614	3,550	4,946	2,365	2,515	2,507	2,827	19,618
020322 FROZEN CUTS+BONES	953	1,694	1,358	1,805	0	39	119	135	118	118	120	242	890
020319 FRESH CUTS BONELESS	5,563	3,282	4,856	6,786	20	120	261	1,005	377	186	200	140	2,308
020312 FRESH CUTS+BONES	398	359	85	20	0	0	0	0	0	0	0	0	0

Russian Beef Imports

2003

Quantity (MT)	1999	2000	2001	2002	2003	Jan.	Feb.	Mar	Apr	May	Jun	Jul	Aug	YTD
0202 BEEF, FROZEN	522,029	270,714	420,844	469,141	495,031	10,313	10,111	30,935	35,825	40,437	41,184	50,806	53,818	273,429
020230 CUTS BONELESS	198,142	104,399	232,297	325,928	387,030	8,763	6,918	26,584	31,364	36,444	36,194	43,388	47,091	236,747
020210 CARCASS,WHOLE/HALF	139,406	121,714	73,265	96,397	95,827	1,357	2,938	4,351	4,460	3,990	4,982	6,769	6,719	35,566
020220 CUTS WITH BONE	184,481	44,601	115,283	46,816	12,174	192	255	0	0	3	8	649	9	1,116
0201 BEEF FRESH, CHILLED	9,360	11,449	34,671	35,459	10,015	0	423	1,186	1,874	1,473	1,533	2,009	2,110	10,609
020130 CUTS BONELESS	125	88	12,094	34,212	9,891	0	405	1,185	1,872	1,454	1,494	1,957	1,949	10,317
020120 CUTS WITH BONE	9,123	11,321	22,525	1,229	124	0	18	1	2	19	38	39	147	264
020110 CARCASS,WHOLE/HALF	111	40	53	18	0	0	0	0	0	0	0	14	14	28

Data Source: Customs Committee of Russia, World Trade Atlas